

Congress of the United States
House of Representatives
Washington, DC 20515

October 25, 2021

The Honorable Richard E. Neal
Chairman
Ways and Means Committee
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Neal,

I am writing to follow up on our conversation earlier regarding policies that have been proposed as a part of the *Build Back Better Act* that would require banks to provide the Internal Revenue Service (IRS) with details on customers with accounts with total annual deposits or withdrawals worth more than \$600.

While I have strongly supported empowering the IRS to reduce tax evasion from the wealthiest Americans and corporations alike, this proposal misses the mark. As currently drafted, this proposal is intrusive, unwieldy, and frankly unproductive. As such, as you work with the U.S. Senate and White House to deliver on the Build Back Better Agenda and develop transformative legislation that benefits American workers and families, I urge you to ensure that any final version of the *Build Back Better Act* significantly adjusts this policy to protect the privacy of everyday Americans and better target real instances of tax evasion.

As a prior federal agent, I investigated money laundering cases, and I understand the value of providing resources to our federal agencies that detect and combat illicit activities such as money laundering or tax evasion. However, through my experiences, I also understand that too much information may hinder these efforts. Simply put, the current proposed \$600 threshold would inundate federal agents and auditors with more information than could possibly be useful, requiring additional staff time to sort through records that do not contain anything that would meaningfully classify as grounds for suspicion of tax evasion. While there is value in requiring broader information disclosures for tax law enforcement purposes, this proposed threshold would leave hardly any bank account out of the data reporting.

Given how broad the reporting requirements would be, I have significant concerns that the current proposal might jeopardize my constituents' rights to privacy without any clear tax law enforcement purpose. As you continue working to ensure that law enforcement agents and auditors have the information necessary to detect, investigate, and, where appropriate, prosecute the crime of tax evasion, I request that Congress ensure that any additional reporting requirements we impose have a clear purpose and investigatory value. Barring specific and direct examples from IRS as to how they will handle this proposed influx of banking information and use it for investigatory purposes, I oppose adding more hay to the proverbial haystack when our law enforcement agents and IRS auditors are searching for needles.

Additionally, as I raised in our conversation, I have heard concerns that small- and medium-sized financial institutions across Central Virginia — including our Community Development Financial Institutions (CDFIs), Credit Unions, and Minority Depository Institutions (MDIs) — will face unnecessary burdens if we move forward with this proposed reporting requirement. Complying with this proposed reporting requirement will impact all financial institutions, but these smaller entities will be

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most impacted. Credit Unions, Community Banks, CDFIs, and MDIs are important institutions in our local communities, and they do not have the staff or data infrastructure to implement these rigorous reporting requirements. Members of our community rely on these trusted institutions, and I am deeply concerned about the impact of this additional requirement on them, especially following an already challenging period during the COVID-19 pandemic.

I was encouraged by [recent reporting](#) suggesting that the U.S. Senate Finance and U.S. House Ways and Means Committees may scale back this proposal — and I look forward to hearing additional details from the U.S. House Ways and Means Committee on a more appropriately targeted version of this policy. However, I would note that increasing the threshold from \$600 to \$10,000 — as has been reported as a potential change — would certainly be a shift in the correct direction but would not mitigate all of the aforementioned concerns I have about this proposed reporting requirement.

I know you, as well as members of your committee, support a tax code and tax enforcement policies that ensure all Americans pay their fair share of taxes, as I do. I am also sure that we both believe in protecting the privacy of all Americans and preventing unnecessary overreach or reporting requirements. I hope we can work together to ensure that the final version of the *Build Back Better Act* considered by Congress appropriately balances these essential interests.

Respectfully,

A handwritten signature in black ink, reading "Abigail D. Spanberger", written over a horizontal line.

Abigail D. Spanberger

Member of Congress